



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: May 26, 2004

APRIL 2004 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of April 2004. The report covers activity for the first ten months of the 2003/2004 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

April 30, 2004 – 83% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04
FOR THE MONTH OF APRIL 2004 - 83% OF YEAR COMPLETE

Revenues

Through April 30, the Redevelopment Agency received \$16,460,227 in property tax increment revenues. Most property tax increment revenues are received between December and April. The Redevelopment Agency, as of April 30, 2004, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$77,182,835, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. Since the \$100 million tax increment cap for the original plan was reached during 1999/2000, all tax increment revenues collected during 2003/2004 were collected under the plan amendment.

An amount of \$702,082 in interest earnings has been received through April 30. The interest earnings include a \$422,000 interest payment on the previous loan to South County Housing for the Murphy Ranch project. Additional interest earnings earned for the month of April have not been included and will be posted in June along with all interest earnings for the quarter ending June 30. Other revenues totaling \$1,518,770 include a transfer in of \$562,500 previously collected from Morgan Hill Development Partners for the aquatics center and \$669,000 from a principal repayment on the previous loan to South County Housing for the Murphy Ranch project.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$31,864,460, which were 78% of budget. Of this total, \$6,490,653 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 62% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 81% of budget. During July, the Agency made a \$2.55 million installment payment towards the purchase of the Sports Complex property. During July, the Agency also spent approximately \$3.5 million for the purchase of the Courthouse Facility property and, in March, spent another \$875,000 toward construction of the Courthouse Project. In April, the Agency made the final installment payment of \$3,250,000 on the Gunderson property. The Agency has incurred \$4.6 million in acquisition and construction costs related to the Butterfield Blvd. Phase IV Project, has incurred \$5.6 million in costs associated with the construction of the Aquatics Complex, and has incurred \$800,000 in street resurfacing costs. In addition, the Agency purchased land behind City hall from the City at a cost of \$1.7 million in March. Capital Projects 2003/04 expenditures used monies collected under the plan amendment.

Budgeted expenditures plus encumbrances for Housing were at 48% of the budget for a total of \$4,559,013. During July, the Agency paid approximately \$3 million for the purchase of the Royal Court Apartments. Although certain loans and grants for various housing loan and grant programs have been committed, the related funds have not been drawn down by the recipients and, hence, are not reflected in the expenditures. All of the 2003/04 housing related expenditures has been funded with tax increment collected under the plan amendment.

Fund Balance

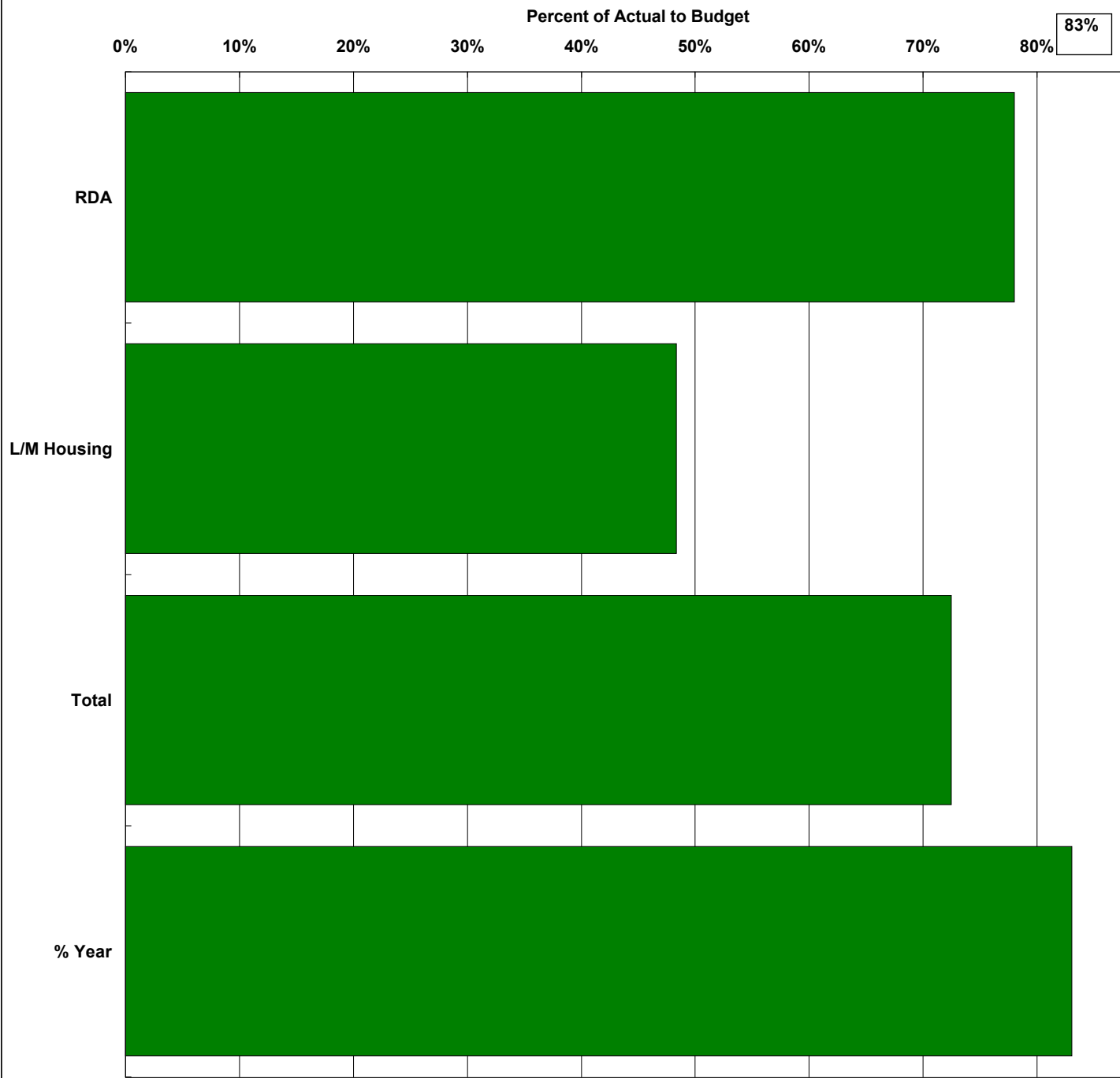
The unreserved fund balance of \$316,257 for the Capital Projects Fund at April 30, 2004, reflected the large amount of current contract encumbrances, not yet expended, and consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the \$316,257, the remaining unreserved fund balance at April 30 would be a negative (\$3,993,743). However, these commitments are expected to be paid out over the next 2 to 3 years. Staff will

bring a short-term borrowing plan to the Board in the near future to finance cash flow needs, as provided for in the 2003/04 budget. The Capital Projects Fund cash balance at April 30 was \$6,823,056.

The unreserved fund balance of \$6,909,240 for the Housing Fund at April 30 consisted of funds all collected under the plan amendment.



Redevelopment Agency YTD Expenditures



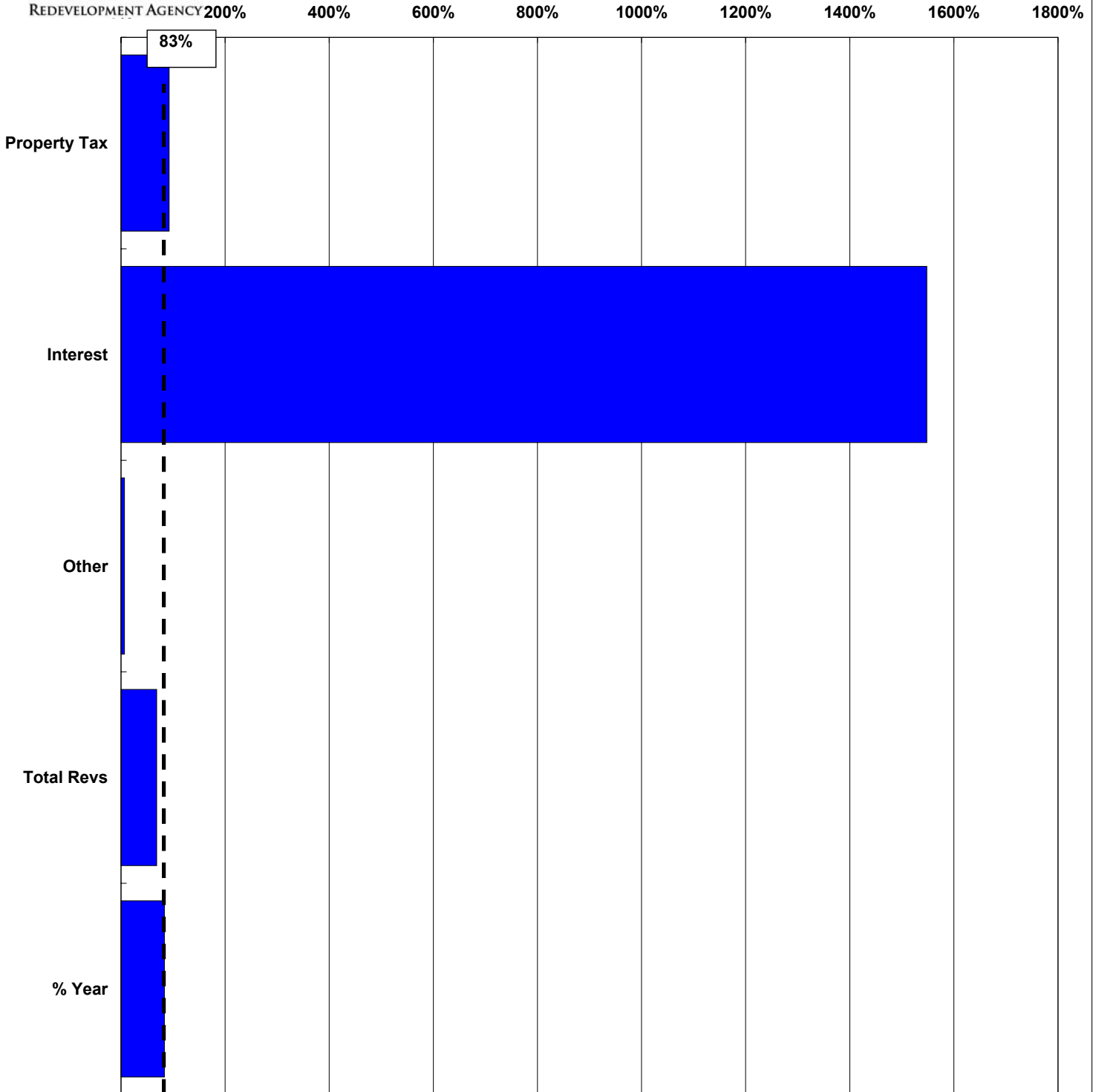
Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$40,863,703	\$31,864,460	78%
HOUSING	9,438,767	4,559,013	48%
TOTALS	\$50,302,470	\$36,423,473	72%



CITY OF MORGAN HILL
REDEVELOPMENT AGENCY

Redevelopment Agency YTD Revenues

Percent of Actual to Budget



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$17,877,658	\$16,460,227	92%	\$16,086,307	2%
INTEREST INCOME/RENTS	\$45,364	\$702,082	1548%	\$407,321	72%
OTHER REVENUE	\$23,536,663	\$1,518,770	7%	\$46,094	3195%
TOTALS	\$27,373,112	\$18,681,079	68%	\$16,539,722	13%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2003/04
 For the Month of April 2004
 83% of Year Complete

Fund No.	Fund	Fund Balance 06-30-03	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$20,860,548	13,584,383	58%	25,373,807	62%	(11,789,424)	8,754,867	316,257	6,823,056	
327/328	HOUSING	\$24,240,428	5,096,696	133%	4,492,084	48%	604,612	18,008,279	\$6,836,760	6,909,240	
TOTAL CAPITAL PROJECT FUNDS		\$45,100,976	18,681,079	68%	29,865,891	59%	(11,184,812)	26,763,146	7,153,017	13,732,296	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$45,100,976	18,681,079	68%	29,865,891	59%	(11,184,812)	26,763,146	7,153,017	13,732,296	
TOTAL ALL GROUPS		\$45,100,976	18,681,079	68%	29,865,891	59%	(11,184,812)	26,763,146	7,153,017	13,732,296	
TOTAL CASH AND INVESTMENTS										13,732,296	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2003/04
For the Month of April 2004
83% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	14,086,573	14,086,573	12,632,072	90%	12,614,818	17,254	0%
Development Agreements				n/a	-	-	n/a
Interest Income, Rents			193,739	n/a	274,470	(80,731)	-29%
Other Agencies/Current Charges	<u>9,450,000</u>	<u>23,536,573</u>	<u>758,572</u>	<u>3%</u>	<u>45,243</u>	<u>713,329</u>	<u>1577%</u>
TOTAL CAPITAL PROJECTS	<u>23,536,573</u>	<u>23,536,573</u>	<u>13,584,383</u>	<u>58%</u>	<u>12,934,531</u>	<u>649,852</u>	<u>5%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll	3,791,085	3,791,085	3,828,155	101%	3,471,489	356,666	10%
Interest Income, Rent	45,364	45,364	508,343	1121%	132,851	375,492	283%
Other	<u>90</u>	<u>90</u>	<u>760,198</u>	<u>844664%</u>	<u>851</u>	<u>759,347</u>	<u>89230%</u>
TOTAL HOUSING	<u>3,836,539</u>	<u>3,836,539</u>	<u>5,096,696</u>	<u>133%</u>	<u>3,605,191</u>	<u>1,491,505</u>	<u>41%</u>
TOTAL CAPITAL PROJECTS FUNDS	27,373,112	27,373,112	18,681,079	68%	16,539,722	2,141,357	13%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2003/04
For the Month of April 2004
83% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	337,307	1,509,317	1,598,923	1,248,144	47,666	1,295,810	81%
	BAHS Economic Development	117,035	4,516,120	8,229,928	4,638,399	163,169	4,801,568	58%
	BAHS CIP	<u>3,997,923</u>	<u>21,320,714</u>	<u>31,034,852</u>	<u>19,487,264</u>	<u>6,279,818</u>	<u>25,767,082</u>	<u>83%</u>
	TOTAL CAPITAL PROJECTS	<u>4,452,265</u>	<u>27,346,151</u>	<u>40,863,703</u>	<u>25,373,807</u>	<u>6,490,653</u>	<u>31,864,460</u>	<u>78%</u>
327 AND 328 HOUSING								
	Housing	<u>221,260</u>	<u>4,592,332</u>	<u>9,438,767</u>	<u>4,492,084</u>	<u>66,929</u>	<u>4,559,013</u>	<u>48%</u>
	TOTAL HOUSING	<u>221,260</u>	<u>4,592,332</u>	<u>9,438,767</u>	<u>4,492,084</u>	<u>66,929</u>	<u>4,559,013</u>	<u>48%</u>
TOTAL CAPITAL PROJECT FUND:		4,673,525	31,938,483	50,302,470	29,865,891	6,557,582	36,423,473	72%



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2003/04
For the Month of April 2004
83% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	6,823,056	6,909,240
Accounts Receivable	4,034	7,806
Loans and Notes Receivable ¹	3,336,999	24,227,604
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	10,235,138	31,144,650
LIABILITIES		
Accounts Payable and Accrued Liabilities	20,180	13,354
Deferred Revenue ³	1,143,834	6,286,255
Accrued Vacation and Comp Time		
Total liabilities	1,164,014	6,299,609
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	6,490,653	66,929
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable	2,193,165	17,941,350
Total Reserved Fund balance	8,754,867	18,008,279
Unreserved Fund Balance	316,257	6,836,762
Total Fund Balance	9,071,124	24,845,041
Total Liabilities and Fund Balance	10,235,138	31,144,650

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



REDEVELOPMENT AGENCY MEETING

DATE: May 26, 2004

Agenda Item # 2

Approved By:

BAHS Director

Submitted By:

Executive Director

STATUS OF EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT (ERN) WITH EL TORO BREWING

RECOMMENDED ACTION(S): Accept status update

EXECUTIVE SUMMARY: On January 21, 2004, the Redevelopment Agency (Agency) selected El Toro Brewing Company (El Toro) as the developer for a restaurant/brew pub in the police building at 17605 Monterey Road. In March 2004, the Agency approved key milestones for performance and established baseline business terms for the ERN. El Toro executed the ERN on March 17, 2004. Attached is the schedule of performance for the ERN. The comments in bold on the schedule represent the status of the information requested. We have also attached El Toro's responses to the request for information required by the schedule of performance within 60 days. Attached for your reference is a copy of the ERN.

In their responses, El Toro refers to the unresolved purchase price and the Phase II environmental report for the police station. The ERN does indicate that the Agency and El Toro would work to establish a price within 60 days. Staff has asked El Toro to consider two options: pay \$650,000 at the close of escrow (COE) or \$700,000 in the form of an installment sale over two years (\$300,000 due at COE, another \$300,000 due on the first anniversary, and \$100,000 on the 2nd anniversary). El Toro is currently contemplating which option to pursue. In developing these options, staff considered two key issues: cost of development and reasonable operating profit. The appraisal for the PD building estimated about \$400,000 would be needed to rehab the building for office use. El Toro is proposing to invest \$1.4M into the renovation of the building. In reviewing El Toro's operating pro formas, El Toro estimates its stabilized operations to average \$2-\$2.5 M in annual sales. This is a reasonable projection and, if achieved, would be very good for a restaurant. It is unreasonable to assume that El Toro would generate more than \$2.5 M in sales and, if they did, it would be a testament to a very well run restaurant. El Toro has indicated that if the Agency wants to share in the profit, it should also share in the losses. Staff has worked in a city in which we did have that type of arrangement and would not recommend such a structure. Given the level of investment needed to renovate the property and the reasonable sales projections, we believe the price options offered by staff are reasonable.

With regard to the Phase II environmental report, this work has taken longer than anticipated to complete. The Phase II work included a magnetic survey to determine if any underground tanks still exist on the site and soil sampling to assess any potential contamination caused by underground tanks previously located on the site. Part of the delay in conducting the study was related to the fact that El Toro requested that the Agency contract for the work and that El Toro would reimburse the Agency for half the costs. It also took some time for the consultant to schedule the drill rig and to submit the proper insurance to the City. We have received a verbal report on the Phase II results and are awaiting the written findings.

Given the status of the Phase II report, we believe El Toro has met the 60 day requirements of the ERN schedule of performance. At this time, we recommend maintaining the 90 day and 120 day performance requirements as listed in the ERN.

FISCAL IMPACT: None at this time.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 26, 2004

Agenda Item # 3

Prepared By:

**Manager, Recreation &
Community Services**

Submitted By:

City Manager

AQUATICS CENTER OPERATIONS MANUAL

RECOMMENDED ACTION(S): Approve the Aquatics Center Operations Manual for staff implementation.

EXECUTIVE SUMMARY:

The Aquatics Center Operations Manual provides the written policies, procedures and fee structure for staff to implement in the daily operations of the Center. This document has been reviewed by appropriate agency staff that require specific standards to be followed in the operations of a municipal pool. This includes the Fire Department, County Health Department, Bismore Risk Services for ABAG and our own city departments (Human Resources, Community Development, City Attorney and City Risk Manager).

FISCAL IMPACT: All operating requirements have been incorporated into the current budget.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 26, 2004

**TITLE: CONSULTANT AGREEMENT WITH NAFFA
INTERNATIONAL, INC. FOR OUTSIDE PLAN REVIEW SERVICES**

RECOMMENDED ACTION(S):

1. Approve a new contract with NAFFA International Inc. for the amount of \$45,000.
2. Authorize the City Manager to execute the contracts.

EXECUTIVE SUMMARY:

The volume of activity in the Building Division, including plan review, is expected to remain high in fiscal year 2004-2005. Most of the residential plan review is done “in-house”. However, when the workload is exceedingly high or a customer requires a very fast approval of his/her plans, an “outside” firm is used. Outside firms are also used for most of the commercial and industrial plan reviews which are large and exceed staff’s level of expertise.

The City of Morgan Hill has held a contract with NAFFA International, Inc. (NAFFA), for outside plan review services for the past several years. NAFFA is experienced in all aspects of our plan review process and procedure. The fees charged by this firm are comparable to that of other outside plan review firms. NAFFA has historically provided excellent customer service to the City and permit applicants.

This firm will only be used under the circumstances described above. It is estimated that the contract amounts will be sufficient for the full fiscal year. In all instances where outside plan review services are utilized, the applicant will be responsible for the cost of those services.

FISCAL IMPACT: The services provided under these contracts will be provided on demand and paid for by the customer requesting the service. The cost for this contract has been included in our budget.

Agenda Item # 4

Prepared By:

**(Chief Building
Official)**

Approved By:

**Community
Development Director**

Submitted By:



CITY COUNCIL STAFF REPORT

MEETING DATE: May 26, 2004

ACCEPT AS COMPLETE THE PARADISE PARK IMPROVEMENT PROJECT

RECOMMENDED ACTION:

1. Accept as complete the construction of the Paradise Park Improvement Project in the final amount of \$122,481.11.
2. Direct the City Clerk to file the Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY: The contract for the Paradise Park Improvement Project was awarded to Sanchez Grading by the Council at its October 15, 2003 meeting in the amount of \$118,149. The Council also approved a \$12,000 contingency creating a project budget of \$130,149.

This project was successful in providing repair to damage caused to the asphalt walkway by root intrusion. All damaged areas on the pathway that circumvents the park were repaired. Access improvements for the mobility impaired in the parking lot and into the play equipment area were also completed. The asphalt pathway and entire parking area were seal coated and the parking area re-stripped. A safety fence was constructed to prevent children in the play area from running directly out to La Crosse Drive.

The final project included two additional cost change orders and one deductive change order for a net total increase of \$4,332.11. This resulted in a total final project cost of \$122,481.11.

Staff finds this project complete and acceptable and recommends Council's acceptance of the project and to direct the city clerk to file the Notice of Completion with the County Recorder's office.

FISCAL IMPACT: This project is funded with State Department of Recreation Proposition 12 Per Capita Funding as part of the 2001-02 Capital Improvement Program (CIP) Budget, Project # 118001. Sufficient Proposition 12 funding is available to fund the total final project cost of \$122,481.11.

Agenda Item # 5

Prepared By:

Dep Dir Public Works

Approved By:

Public Works Director

Submitted By:

City Manager

Record at the request of and
when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION
CITY OF MORGAN HILL

PARADISE PARK IMPROVEMENT PROJECT

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on May 17, 2002 did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to Sanchez Grading on October 15, 2003, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

The said improvements were substantially completed on May 13, 2004, accepted by the City on May 26, 2004, and that the name of the surety on the contractor's bond for labor and materials on said project is First National Insurance Company of America.

The said improvements consisted of the construction and installation of all items of work provided to be done in said contract, all as more particularly described in the plans and specifications therefore approved by the City Council of said City.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: May 26, 2004

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date: _____

**CITY OF MORGAN HILL
SPECIAL CITY COUNCIL MEETING
MINUTES – MAY 18, 2004**

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 6:06 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Carr, Chang, Sellers, Tate and Mayor Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

CLOSED SESSION:

Acting City Attorney Siegel announced the below listed closed session item. He indicated that the City has been made aware of facts and circumstances of an issue that may result in a lawsuit against the City.

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 1

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the Closed Session item to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to Closed Session at 6:08 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 7:45 p.m.

CLOSED SESSION ANNOUNCEMENT

Acting City Attorney Siegel announced that no reportable action was taken in closed session.

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy reopened the Closed Session item to public comment. No comments were offered.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 7:47 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK



CITY COUNCIL STAFF REPORT

MEETING DATE: MAY 26, 2004

**TITLE: PERFORMANCE MEASURE UPDATE – THIRD
QUARTER FY 2003/04**

RECOMMENDED ACTION:
Receive and file

EXECUTIVE SUMMARY:

With the inclusion of performance measures into the document, the City's adopted FY 2003/04 Operating and Capital Budget has received the prestigious Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award.

The City started implementing performance measures in the FY 2002/03 Operating and Capital Budget, and on a quarterly basis, staff has been presenting Performance Measure Updates to the City Council. Attachment A is the update for the third quarter of FY 2003/04.

FISCAL IMPACT:

None.

Agenda Item #

Prepared By:

A handwritten signature in black ink, likely belonging to the Budget Manager.

Budget Manager

Approved By:

Finance Director

Submitted By:

City Manager

3/31/04 Update Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
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[010-1100] CITY COUNCIL				Responsibility: City Clerk's Office
Council/Redevelopment Agency Meeting Minutes produced	86	14	39	
Time required to draft, proof and edit minutes for every 4 hours of meeting time	1.5 hours	1.5 hours	1.5 (average)	
Total time to produce minutes	425 hours	68 hours	206 hours	
Percentage of Minutes completed without errors of fact	98%	100%	100%	
Completing Minutes within 2 weeks	100%	100%	100%	

[010-1220] COMMUNITY PROMOTIONS				Responsibility: City Clerk's Office
Proclamations Produced	190	10	70	
Staff time to coordinate/draft requests for proclamations for Council members, staff and outside requests	1.5 hours	1.5 hours	1.5 hours	
Hours to produce all proclamations	285 hours	15 hours	105 hours	
Percentage of Proclamations completed for a particular meeting date, as requested	100%	100%	100%	

010-2410] COUNCIL SERVICES & RECORDS MANAGEMENT				Responsibility: City Clerk's Office
Number of requests for public records	895	356	528	
Amount of time to research/copy request for public records	86.7% 11.8% 1.5%	85.1% 13.2% 1.7%	84.8% 14.1% 1.1%	

[010-2420] ELECTIONS DIVISION				Responsibility: City Clerk's Office
Number of Statement of Economic Interests filed	3 (105)	8 (137 total)	79 (108 total)	
Percentage filed by deadline	100%	5%	73.2%	
Percentage filed late	0%	0%	0%	

[010-1500] CITY ATTORNEY				Responsibility: City Attorney's Office
Standard contracts reviewed within ten days	100%	100%	100%	
Amended Municipal Chapter Codes adopted by the City	4	3	4	
Hours of MCLE	26	17	17	
Closure of more than 50% of defense cases under \$75,000 in legal fees	100%	100%	100%	

3/31/04 Update Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
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[010-2100] CITY MANAGER				Responsibility: City Manager's Office
Percentage of workplan projects, City-wide, that are completed within the planned time frame	35%	60%	55%	
Actual General Fund expenditures as a percentage of the current General Fund budget	93%	45%	67%	
City General Fund reserves as a proportion of current General Fund revenue projections	64%	68%	67%	

[010-5140] CABLE TELEVISION				Responsibility: City Manager's Office
Number of cable complaints received	12	9	9	
Number of cable complaint processes completed	12	9	9	
Average number of days taken to completely process each cable complaint	10.67	2.11	2.11	

[010-5145] COMMUNICATIONS AND MARKETING				Responsibility: City Manager's Office
Pages of City Visions produced	72	32	56	
Dollars (not inclusive of staffing) spent on producing City Visions.	\$57,364	\$25,414	\$41,232	
Dollars per page of City Visions produced and distributed.	\$797	\$794	\$736	

[232-5800] SOLID WASTE MANAGEMENT DIVISION				Responsibility: City Manager's Office
Dollars spent communicating recycling information (excluding employee services)	\$87,044	\$53,668	\$72,198	
Tons of recycling collected	8,992	4,757	7163	
Number of environmental promotions distributed	10	9	10	
Percentage of customers ranking their solid waste management services "good" or "excellent"	N/A	N/A	94%	
Percentage of customers who say they have enough information to properly participate in the City's recycling program	N/A	N/A	79%	
Percentage of customers participating in the recycling program	63%	63%	63%	
Solid waste diversion rate	47%	50%	50%	
Dollars spent communicating recycling information per ton of recycling collected	\$9.68/ton	\$11.28/ton	\$10.08/ton	

3/31/04 Update Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
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[010-2110] RECREATION DIVISION			Responsibility: Recreation and Community Services Division	
Overall cost of staff time to develop Recreation Guide, recruit instructors, negotiate contracts	\$37,921	\$11,170	\$12,188	
Overall cost produce and advertise recreation classes	\$9,064	\$5,239	\$3,552.07	Cost split with Aquatics according to number of pages – Aquatics =\$1,445 for Total of \$5,007.74
Number of participants	2,171	2,328	1927	
Cost per participant to produce Recreation Guide	\$4.17	\$2.25	\$1.84	
Percent cost recovery for Recreation Division	5.2%	17%	4%	Percentage equals total revenue/cost of Guide

[010-2115] COMMUNITY AND CULTURAL CENTER			Responsibility: Recreation and Community Services Division	
Facility rentals	117	143	119	

[010-2210] VOLUNTEER SERVICES PROGRAM			Responsibility: Human Resources Department	
Number of external requests for municipal volunteer opportunities to number of actual placements	50 to 18	57 to 11		
Number of internal requests for volunteers to number of actual placements.	12 to 11	0 to 1		

[010-2200] HUMAN RESOURCES OFFICE			Responsibility: Human Resources Department	
Cost of providing 24 hours of enhanced training (beyond legal requirements) to each employee per year (est. \$250 per employee)	\$37,307	\$24,348	\$31,905	
Number of recruitment processes which include selection criteria such as: flexibility, change management, attitude to work, fit for the organization, etc., in addition to the task requirements of the position	4 of 4	5 of 5	7 of 7	
Number of employees recognized for exemplary customer service, new ways of accomplishing work, successful cost reducing ideas, years of service	125	30	45	
Number of HR staff hours spent in training, communicating and consulting to the number of HR staff hours spent recruiting to fill vacant positions.	3.5 to 4	3.5 to 4	4.5 to 3	
Average cost to recruit and hire a new employee	\$2,500	\$2,100	\$2,000	

3/31/04 Update	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
Performance Measure				
Percent of increase in customer satisfaction based on employee opinion survey follow-up	N/A	N/A	N/A	

[770-8220] WORKERS COMPENSATION INSURANCE			Responsibility: Human Resources Department	
Number of workers' compensation claims involving temporary disability benefits	9	4	11	
Number of lost work days caused by temporary disability	739	5300	703	
Average length of time to bring an injured employee off temporary disability	74	116	54	

[010-2510] FINANCE			Responsibility: Finance Department	
Staff hours designated for Accounts Payable	2,000 hours	705	1,050	
Invoices processed	13,871	6,780	10,200	
% of invoices paid by due date	86%	85%	85%	
Average time to process an invoice	8.66 minutes	6.2 minutes	6.2 minutes	

[650-5750] UTILITY BILLING – SEWER & WATER			Responsibility: Finance Department	
Staff hours designated to Utility Billing	4,168	1,850	2,700	
Bills processed per year	134,270	68,174	102,250	
Percent sent out error free	96.9%	99.99%	99.99%	
Average time to process a bill	1.87 minutes	1.63 minutes	1.58 minutes	

[795-8210] GENERAL LIABILITY INSURANCE			Responsibility: Finance Department	
Percent of claims responded to within the statutory time frame of 45 days, either through a rejection of the claim or through a proposed resolution.	78%	100%	100%	

[010-3205] POLICE ADMINISTRATION			Responsibility: Police Department	
Number of citizens' complaints regarding police services to the number of hours spent processing complaints.	100.85 hours (31 complaints)	3 Complaints/18 Hours	6 Complaints/30 Hours	
Percent of formal citizens' complaints resolved within 45 days of receipt.	50%	100%	100%	
Percentage of sworn personnel who receive 24 hours of Continued Proficiency Training	42%	58%	67%	
Deficiencies reported in the annual POST audit	0	No audit this quarter	No audit this quarter	

3/31/04 Update Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
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[010-3210] POLICE FIELD OPERATIONS				Responsibility: Police Department
Number of self initiated contacts compared to the number of calls for service.	SI - 15,363 CFS - 25,668	SI - 7,651 CFS - 8,934	SI - 10,995 CFS - 12,740	
Percent of clearance in Part I and Part II crime rates in Morgan Hill compared to the national rate	MH 13% National 21%	MH 10% National 21%	MH 20% National 21%	
Percent of Priority I calls responded to within 5 minutes of receipt	100%	100%	100%	
CFS prior to and after implementation of POP project	N/A	25 prior/42 after	25 prior/49 after	

[010-3225] POLICE SUPPORT SERVICES				Responsibility: Police Department
Number of hours per week dedicated to the property/evidence function	35 hours/week	35 hours/week	35 hours/week	
Percent of property/evidence released or purged within 30 days of clearance	100%	90%	90%	
Percent of arrests entered into CJIC within 48 business hours of arrest date	100%	100%	100%	
Number of incident reports stored electronically	5,184	2,453	3,528	

[010-3230] EMERGENCY SERVICES UNIT				Responsibility: Police Department
Number of preparedness presentation hours given to the community	176 hours	20 hours	30 hours	
Number of organized CERT teams capable of operating within the City	6 teams of 15-25 members	6 teams of 15-25 members	6 teams of 15-25 members	
Number of emergency drills/exercises	3	1	1	
Number of sections of the disaster plan updated annually	2 new additions	New plan pending	New plan pending	

[010-3245] POLICE SPECIAL OPERATIONS				Responsibility: Police Department
Number of investigations assigned to Special Operations	190	83	133	
Number of incidents investigated by division personnel submitted to the D.A.'s Office requesting the issuance of a criminal complaint	75	29	44	
Number of Neighborhood Watch Programs presented to the community	N/A	20	23	

3/31/04 Update Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
[010-5450] ANIMAL CONTROL SERVICES UNIT				Responsibility: Police Department
Number of hours per week spent enforcing animal license provisions of State law and local ordinance.	8 hours/day	40 hours/week	40 hours/week	
Number of animal licenses issued to Morgan Hill residents	1,128	410	494	
Number of Morgan Hill impounded animals returned to their owners within 4 days	32	20	38	
Number of unlicensed dogs impounded or owners cited compared to the number of licensed dogs	135 1,123	68 unl.imp./330 lic. 11 cites	78 unl.imp./414 lic. 14 cites	
Percent of unaltered to altered Morgan Hill animals receiving licenses	135 1,123	24% 80/330	26% 107/414	

[010-8270] POLICE DISPATCH SERVICES				Responsibility: Police Department
Number of 911 calls received	6,500	2,994	4,403	
Average time to answer 98% of 911 phone calls	11 seconds (30% less than 5 seconds)	11 seconds (29% less than 5 seconds)	11 seconds (29% less than 5 seconds)	
Average time between receipt of a Priority I call and dispatch of a unit.	1:62	2:22	1:07	

[206-5120] PLANNING				Responsibility: Community Development Department
Number and percent of SR Applications processed within 90 days (excluding CEQA projects requiring initial study or EIR)	32 applications: 9 incomplete, 18 completed within 90 days of application, 5 went before ARB within 90 days of app. = 100%	10 applications: 2 approved within 90 days; 4 set for ARB meeting (future) within 90 days; 3 cannot go before ARB until CC & PC approves related projects; 1 incomplete = 100%	21 applications: 6 approved within 90 days; 1 approved in 91 days; 3 set for ARB meeting (future) within 90 days; 6 cannot go before ARB until CC & PC approves related projects; 5 incomplete = 95%	
Number of applications filed which require Architecture Review Board, Planning Commission or City Council approval	219	109	143	
Percent of RDCS Projects provided 30-day notice of default or expiration of allotment	99%	100%	100%	
Number of applications (which require ARB, PC or CC approval) processed per planner	Senior – 65 Assoc – 56 Asst – 44 Staff – 54	Senior – 15 Assoc – 70 Staff – 24	Senior – 26 Assoc – 87 Staff – 30	
Percent of DRC comments received on time	85%	80%	75%	

3/31/04 Update				
Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
[206-5130] BUILDING DIVISION			Responsibility: Community Development Department	
Percentage of inspections accomplished within a 24 hour response timeline	100%	98.5%	98.6%	
Number of complaints and cases processed	210	368	633	
Number of Code Enforcement cases investigated or mitigated	188	341	591	
Percent of Code Enforcement cases completed and closed	91%	92%	93%	

[010-5440] PUBLIC WORKS PARK MAINTENANCE			Responsibility: Public Works Department	
Average Customer Work Order Response Time Non-Emergency Emergency	2 Days, 14 Hours 0	1 Day, 3 Hours 0	1 Day, 12.5 hours 0	
Annual Maintenance Cost	\$14,136/acre	Result Recorded Annually	Result Recorded Annually	

[202-6100] PUBLIC WORKS STREET MAINTENANCE			Responsibility: Public Works Department	
Average Customer Work Order Response Time Non-Emergency Emergency	4 Days 1.5 Hours	2 Days, 15 Hours 10 Minutes	2 Days, 5 Hours 10 Minutes	
Vegetation Abatement Program	N/A	0%	95% complete	
Storm Drain System Facilities	N/A	100%	100% complete	
Repair Maintenance Related Permanent Asphalt	N/A	95 Tons	105 Tons	
Curb Miles of Roadside Weed Abatement	27.27 Curb Miles	N/A	N/A	
Tons of Debris Removed by Street Sweeping	423 Tons	N/A	N/A	

[206-5410] PUBLIC WORKS ENGINEERING			Responsibility: Public Works Department	
Number of Final Maps Recorded	16	2	5	
Number of Plan Checks returned on time	145 out of 166	82 out of 92	113/127	
Number of Planning/Building Division referrals received	127	68	92	
Hours spent inspecting public improvements constructed by private developers	2,170	413	1,139	

[640-5900] PUBLIC WORKS SEWER OPERATIONS			Responsibility: Public Works Department	
Average Customer Work Order Response Time Non-Emergency Emergency	20 Hours 12 Minutes	1 Days, 15 Hours 25 Minutes	1 Day, 21.5 Hours 25 Minutes	
Sewer Main Restrictions Cleared	29	14	19	

3/31/04 Update	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
Performance Measure				
LF Sewer Main Flushed/Restrictions Cleared	705035	375,133	544,884	

[650-5710] PUBLIC WORKS WATER OPERATIONS				Responsibility: Public Works Department
Average Customer Work Order Response Time Non-Emergency Emergency	21 Hours 22 Minutes	20 Hours 35 Minutes	19.5 Hours 35 Hours	

[650-5720] PUBLIC WORKS METER READING				Responsibility: Public Works Department
Average Customer Work Order Response Time Non-Emergency Emergency	18 Hours 14 Minutes	20 Hours 0	19 Hours 4 Minutes	
Fire Hydrant Maintenance Performed	414	16	64	
Water Meter Tested - 2" or Greater	20	0	0	
Annual Cost to Read a Meter	\$0.59 per meter	Result Recorded Annually	Result Recorded Annually	

[650-5760] WATER CONSERVATION				Responsibility: Public Works Department
Cooperative efforts with Santa Clara Valley Water District to reduce water consumption	3	Result Recorded Annually	Result Recorded Annually	

[745-8280] PUBLIC WORKS CIP ADMINISTRATION				Responsibility: Public Works Department
Number of Engineering Division hours worked on all CIP Projects	10,879	4,622	6,577	
Number of CIP projects awarded	17	10	10	
Percentage of CIP projects completed within Council approved contingency	90%	100%	100%	
Hours spent inspecting public improvements constructed as CIP projects	3,303	1,219	1,453	

[317-7000] BUSINESS ASSISTANCE – ADMINISTRATION				Responsibility: Business Assistance and Housing Services Department
Value of building permits pulled for commercial tenant improvements	\$11.1 million	\$10,671,057	\$11,938,879	
Square footage in building permits pulled for new commercial/industrial space	227,381	135,500	175,226	
Amount of sales or property tax generated from new businesses	\$92,700	106,710	119,388	
Number of new businesses generating sales tax revenue	209	7	11	

3/31/04 Update				
Performance Measure	Actual Result for 2002-03	Status of measure as of 12/31/03	Status of measure as of 03/31/04	Explanatory Comments (as needed)
Amount of square footage of commercial/industrial buildings developed by businesses receiving ombudsman assistance	N/A	147,552	177,141	
Number of jobs created/retained by businesses receiving ombudsman assistance	N/A	484	642	
Number of marketing packets distributed to prospective businesses	N/A	95	145	
Number of businesses receiving ombudsman assistance	N/A	N/A	95	

[327-7100] HOUSING		Responsibility: Business Assistance and Housing Services Department		
Number of Refinance application requests	110	42	83	
Number of BMR Refinance, Rental and Homeownership application requests	358	78	123	
Number of Refinancing requests approved	291	21	28	
Number of BMR rental and Homeownership applications approved		54	86	
Number of BMR Rental and BMR units sold	22	29	39	
Number of Refinance, BMR Rental and Homeownership applications received per F.T.E. staffing for the program	250/FTE	97.5/FTE	154.5/FTE	



CITY COUNCIL STAFF REPORT

MEETING DATE: *May 26, 2004*

PURCHASE OF FINANCIAL SYSTEM SOFTWARE

RECOMMENDED ACTION(S): Authorize the purchase of financial system software to replace existing obsolete system. Authorize the purchase of the business license module in fiscal year 2003/2004 and authorize the purchase of the remaining modules in fiscal year 2004/2005.

EXECUTIVE SUMMARY: The financial system needs replacement as we have been experiencing ongoing and increasing problems with the current system. Some of the problems are missing data, system shutting down during critical operations, lack of reporting ability, reports not balancing and service support for payroll is extremely limited.

In fiscal year 2002/2003 the Finance Department sent a request for proposals for financial system software. Six responses were received. A city-wide committee of heavy financial system users was formed to review proposals, do site visits and interview potential software suppliers. The committee unanimously agreed on Eden Systems software.

Eden's strongest feature is its penetration in the California market with over 60 client sites, and is highly recommended by current Eden users. In addition, Eden's has reporting capabilities, data storage, ease of navigation, informational screens, search capabilities and customizable screens and task bars for effective and efficient use. Eden is a leader in technology utilizing the Microsoft SQL database. Staff believes the capacity and efficiency of the software system will meet the City's needs for at least ten years.

Staff is proposing the appropriation and purchase of the Business Licensing module in the current fiscal year in the amount of \$51,550 being funded by the general fund and the redevelopment agency. Staff proposes the remaining modules be purchased in fiscal year 2004/2005 in the amount of \$287,025 being funded by Information Systems fund, CIP Administration fund, Water Operating Fund and Sewer Operating Fund. The proposed budget for 2004/2005 includes this purchase. See Attachment A for cost distribution.

The total cost to convert from the current system to Eden is approximately \$340,000. Including annual maintenance costs, acquiring Eden could cost the City \$97,000 for the next five years or \$67,000 for the next ten years. Staff projects a cost savings in increased productivity and functionality of approximately \$99,099 per year; including \$15,000 in hard costs due to staff reductions in Finance (see Attachment B). Add to that the elimination of \$20,000 per year spent on the current system maintenance and the decision to purchase Eden becomes more cost effective.

FISCAL IMPACT:

For the purchase of the Business License module in fiscal year 2003/2004 an appropriation of \$35,250 is needed in the General Fund and \$16,300 in the Redevelopment Agency Fund, reducing fund balance in both funds. The \$35,250 in the general fund will be recouped through future administrative charges. Budget scorecards are attached. For the purchase of the remaining system in fiscal year 2004/2005 \$200,000 has been reserved from prior years in the Information Systems fund. Appropriations are needed in the CIP Administration fund, the Water fund, Sewer fund and the General Fund in the amounts of \$11,500, \$12,000, \$12,000 and \$51,525 respectively. The funds for the remaining modules are presented in the proposed budget for fiscal year 2004/2005. A summary of costs by year is also attached.

Agenda Item #11

Prepared By:

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Approved By:**

**Jack Dilles, Finance
Director
Submitted By:**

City Manager